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CO-BRANDING: A STRATEGIC DECISION IN A COMPETITIVE WORLD

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ABSTRACT
Co-branding is a marketing strategy and also an advertising campaign, as the success of one brand affects the success of its partner brand. Co-branding also called as dual branding or brand bundling is a brand alliance strategy in which two or more brands are involved in jointly launching a separate and unique co-brand. Co-branding decisions for any organization is the strategic decision that have an influence over years, decades, and even beyond the lifetime of the project. This research paper studies some of the well-known cases of co-branding and their strategic decisions.
KEY WORDS: ***Co-branding, Strategic Decision, Marketing Strategy, dual branding, brand bundling, brand alliance strategy***

INTRODUCTION

Brand alliance, also called co-branding, is a brand management strategy whereby two or more brands are intentionally brought together and presented to consumers to leverage the brands through the transfer of positive associations from one brand to another (C. Newmeyer, 2018) (Turan, 2022). Co-branding also called as dual branding or brand bundling is a brand alliance strategy in which two or more brands are involved in jointly launching a separate and unique co-brand (Blackett & Nick , 1999) with the product characteristics that combine those of the cooperating brands (Park, Jun, & Shocker, 1996). Co-branding is a marketing strategy and also an advertising campaign, as the success of one brand affects the success of its partner brand. The strategy, which is popular in the fashion industry (Oeppen & Jamal, 2014), can be effective in boosting awareness, developing new markets reducing costs, and providing value to loyal customers (Zhang, Chen, & Lin, 2021).

CLASSIFICATION OF CO-BRANDING

Vertical co-branding: The term vertical co-branding is used to designate agreements in which firms are positioned at different levels of the value chain. For instance, when IBM and Intel offer a co-branded product, these two firms do not intervene at the same level of the value chain, because one is the supplier of the other. (Chiambaretto & Gurău, 2017)
Horizontal co-branding: horizontal co-branding, in which both firms/brands are at the same level of the value chain, and contribute similar or complementary resources (e.g., Sony-Ericsson cellphones) (Chiambaretto & Gurău, 2017)
Cooperative branding: Cooperative branding occurs when two brands receiving equal treatment (in the context of an advertisement) borrow from each other's brand equity. ICICI launched a co-branded credit card with Big Bazaar to reward the loyal customers of the store chain. (Lamb, Hair, Sharma, & McDaniel)
complementary branding: when products are advertised or marketed together to suggest usage, such as Luminous Power Technologies' inverter and battery. (Lamb, Hair, Sharma, & McDaniel)
Ingredient co-branding: Ingredient branding identifies the brand of a part that makes up a product (Lamb, Hair, & McDaniel, 2019) Ingredient branding is a special case of co-branding. It creates brand equity for materials, components, or parts that are necessarily contained within other branded products. (Kotler & Keller, 2016)
Symbolic co-branding: Symbolic co-branding refers to a brand alliance in which a secondary brand (partner brand) will offer additional symbolic attributes to a host brand. Symbolic co-branding points to the co-branded products represented by adding brand logo, names and other proprietary brand assets of the partner brand. (HoYeol , 2020)
The other forms of co-branding include **same-company co-branding, joint-venture co-branding, multiple-sponsor co-branding and retail co-branding**. (Kotler & Keller, Markeitng Management, 2012)

CASES ON CO-BRANDING USED AS A STRATEGIC DECISION

Co-branding decisions for any organization is the strategic decision that have an influence over years, decades, and even beyond the lifetime of the project. Once a strategic decision is made, it is very unlikely to be altered in the short term. The research paper evaluates how Co-branding helps to achieve competitive advantage and business objectives using following cases:

Co-branding used by Luxury Fashion Brands to reach mass markets:

Co-branding is a strategy that has gained significant popularity within the fashion industry, in particular with luxury brands and mass-market retailers. Most of the successful and well known fashion co-branding occurs when premium and luxury brands collaborate with a mass-market retailer, such as H&M with Jimmy Choo, Lanvin, Marni and retailer Target with Missoni, Mulberry and Vera Wang. (Oeppen & Jamal, 2014)

Co-branding in Food Industry for co-making of a product:

One of the most popular and recognizable co-branding efforts is between Taco Bell and Doritos. Doritos sells deliciously flavored tortilla chips, and Taco Bell sells tacos made out of hard tortilla shells (Giles, 2020). Taco Bell and Doritos teamed up to create the Doritos Locos Taco. Taco Bell sold more than 100 million of the tacos in just the first 10 weeks and quickly added Cool Ranch and Fiery versions and has since sold more than a billion. More than just co-branding, these companies are "co-making" these products. (Armstrong , Kotler, & Opresnik, 2017)

Co-branding in paints and furniture industry for developing a new product:

Benjamin Moore and Pottery Barn joined forces to create a special collection of Benjamin Moore paint colors designed to perfectly coordinate with Pottery Barn's unique furnishings and accents. (Armstrong , Kotler, & Opresnik, 2017)

Co-branding as a strategy for luxury brands to achieve masstige:

Masstige marketing means marketing luxury products to the "mass market". Today, masstige marketing has evolved as a powerful alternative for marketers to position their premium brand in a unique way (Paul, 2015). Co-branding is an excellent example of this. If we take a look at designer brand Prada collaborating with Adidas to create an eco-friendly skateboard shoe. This cooperation creates a unique positioning of both brands toward the target group of brand enthusiasts and skateboarders. Through these collaborations, brands bring one-off creative expressions that could lead to 'hype' around the product. This hype creates masstige by introducing a different consumer group to the luxurious Prada brand. (Pulles, 2022)

Co-branding as a promotion and communication tool:

McDonald's has announced an official partnership with Bangtan Boys, often known as BTS, a Korean boy band. McDonald's uses a co-branding corporate communication approach, which entails developing new goods as a consequence of a collaboration between McDonald's and BTS in the shape of BTS Meals. (Pranata, Kriyantono, & Hussein, 2022)

Co-branding in Social Media to deliver personalized value:

Uber and Spotify teamed up to create a joint campaign – "Soundtrack for Your Ride". Uber users would log into their app to book a ride. While waiting for their ride to arrive, they would be prompted to sign in to Spotify to create or choose the playlist for their upcoming ride. This campaign would allow Uber users to personalize their rides for their enjoyment, while Spotify would earn either new or more frequent users on their app. (4 Examples of Co-brand Collaborations for Social Media , n.d.)

Co-branding in Consumer Technology to increase consumer engagement:

Athletic brand Nike and technology giant Apple have been working together since the early 2000s, when the first line of iPods was released. The co-branding partnership started as a way to bring music from Apple to Nike customers' workouts using the power of technology: Nike+iPod created fitness trackers, sneakers, and clothing that tracked activity while connecting people to their tunes. Athletic brand Nike and technology giant Apple have been working together since the early 2000s, when the first line of iPods was released. The co-branding partnership started as a way to bring music from Apple to Nike customers' workouts using the power of technology: Nike+iPod created fitness trackers, sneakers, and clothing that tracked activity while connecting people to their tunes. (Bernazzani, 2022) The Nike+iPod arrangement gave Apple a presence in the sports and fitness market. At the same time, it helps Nike bring new value to its customers. (Armstrong , Kotler, & Opresnik, 2017)

Co-branding for social cause:

The co-branding arrangement between Microsoft and the UK charity National Society for the Prevention of Cruelty to Children (NSPCC) gives the charity access to the financial resources of Microsoft for marketing communications to reach new donors and to raise awareness of its cause. Microsoft benefits from its association with a softer brand, one that helps to reposition Microsoft as a brand that cares (Baines, Fill, & Page, 2013).

Co-branding as a tool to the enhance perceived value of a product:
HUL entered into a co-branding agreement with Disney's Tangled due to a direct connect between Rapunzel's story and Clinic Plus shampoo's benefit of making hair long and strong. (Lamb, Hair, Sharma, & McDaniel)
Co-branding to create customer database:
Co-branded credit cards are an increasingly popular loyalty marketing tool. Big Bazaar, Lifestyle, Westside, Indian Oil, Jet Airways and Amazon are only a few of the companies sponsoring co-branded cards with ICICI Bank, Standard Chartered Bank, HSBC Bank, and Citibank respectively. Through loyalty programs, shoppers receive discounts, alerts on new products, and other types of enticing offers. In exchange, retailers are able to build customer databases that help them better understand customer preferences. (Lamb, Hair, Sharma, & McDaniel)
Co-branding to launch an innovative product:
McDonald's India teamed with Nestlé KITKAT to launch a range of treats and beverages - KITKAT McFlurry, KITKAT Sundae and KITKAT Frappe to meet the diverse taste preferences of our customers. (staff, 2022)
Co-branding to achieve broader target market:
The high-end shaving products brand The Art of Shaving partnered with mainstream marketer Gillette to create the Fusion Chrome Collection, featuring a power razor priced at more than £100 and billed as 'the world's most technologically advanced razor'. Through the partnership, The Art of Shaving gains access to Gillette's broader market; Gillette, in turn, adds high-end lustre to its shaving products line. (KOTLER, ARMSTRONG , HARRIS, & PIERCY, 2017)

ADVANTAGES OF CO-BRANDING

Co-branding has following advantages for all the businesses involved:

It allows valuable brand assets to be leveraged and combined with other brand names to form a strategic alliance in which, from a financial point of view, the brand value of both is greater than individual parts (Rao & Ruekert, 1994). Co-branding can take advantage of the complementary strengths of two brands. It also allows a company to expand its existing brand into a category it might otherwise have difficulty entering alone (Armstrong , Kotler, & Opresnik, 2017). It enables organizations to share resources based on their different strengths (Baines, Fill, & Page, 2013). Co-branding can generate greater sales from the existing market and open opportunities for new consumers and channels. It can also reduce the cost of product introduction because it combines two well-known images and speeds adoption. And co-branding may be a valuable means to learn about consumers and how other companies approach them (Kotler & Keller, 2016). In poorly differentiated categories especially, co-branding may be an important means of creating a distinctive product. (Keller, 2013).

DISADVANTAGES OF CO-BRANDING

The risk from an alliance lies in the possibility of the focal brand being penalized for negative events that are caused by or otherwise affect the partner brand (Turan, 2022). Co-branding can also have limitations. Such relationships usually involve complex legal contracts and licenses. Co-branding partners must carefully coordinate their advertising, sales promotion, and other marketing efforts. Finally, when co-branding, each partner must trust that the other will take good care of its brand. If something damages the reputation of one brand, it can tarnish the co-brand as well (Armstrong , Kotler, & Opresnik, 2017). The potential disadvantages of co-branding are the risks and lack of control in becoming aligned with another brand in consumers' minds. Consumer expectations of co-brands are likely to be high, so unsatisfactory performance could have negative repercussions for both brands. If the other brand enters a number of co-branding arrangements, overexposure may dilute the transfer of any association. It may also result in a lack of focus on existing brands (Kotler & Keller, 2016).

Coke suffered a crisis of social trust when its partner, NutraSweet, was suspected of a link to brain cancer (Helmig , Huber , & Leeflang, 2007). Therefore, it is possible that some partnerships can lead to a loss of profitability in the focal co-branded product itself and cause damage to the reputation of the parent brands by transferring negative attitudes towards the brand alliance (Simonin & Ruth, 1998).

CONCLUSION

Co-branding leads to logistical and financial benefits to partner organisations. But often the debate is whether co-branding leads to losing a brand's unique identity. To avoid this situation, it is important that brands coming together must have shared vision and values, similar passion to serve customers and similar approach to product and service quality (Saxena, 2016).

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For co-branding to succeed, the two brands must separately have brand equity—adequate brand awareness and a sufficiently positive brand image. The most important requirement is a logical fit between the two brands. As one executive at Nabisco put it, "Giving away your brand is a lot like giving away your child—you want to make sure everything is perfect" (Kotler & Keller, 2016). To create a strong co-brand, both brands should have adequate brand awareness; sufficiently strong, favorable, and unique associations; and positive consumer judgments and feelings. (Keller, 2013)

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